



WASHOE COUNTY

Integrity Communication Service
www.washoecounty.us

CM/ACM CV
Finance mm/CH
DA MK
Risk Mgt DE
HR /
Other _____

STAFF REPORT

BOARD MEETING DATE: *June 27, 2017*

DATE: Wednesday, June 14, 2017

TO: Board of County Commissioners

FROM: John Listinsky, Director, Human Resources/Labor Relations
328-2089, jlistinsky@washoecounty.us

THROUGH: Christine Vuletich, Assistant County Manager
328-2016, cvuletich@washoecounty.us

SUBJECT: Award Request for Proposal (RFP) No. 3020-17 for the Health Benefits Program for Insurance Brokerage and Consulting Services to the lowest responsive, responsible bidder meeting specifications: LP Insurance Services, Inc., 300 East 2nd Street, Suite 1300, Reno, NV 89501, in the amount of \$64,800 each year for the three-year contract term, on behalf of Washoe County Human Resources; and further authorize the Purchasing and Contracts Manager to enter into this Agreement for three (3) years, commencing July 1, 2017 through June 30, 2020, with the provision for up to two (2) – one (1) year extensions at Washoe County's option. (All Commission Districts.)

SUMMARY

Currently, Washoe County contracts with Wells Fargo Insurance Services for insurance brokerage and consulting services for the Health Benefits Program. This contract expires on June 30, 2017. Human Resources worked with the Purchasing Department to issue a Request for Proposal (RFP) for these services which was made available to potential agencies on April 28, 2017. As a result of the selection process, LP Insurance Services received the highest score and is recommended to be awarded the insurance brokerage and consulting services contract for an initial three-year contract with the provision for up to two (2) – one (1) year extensions at the Washoe County's option.

Washoe County Strategic Objective supported by this item: Valued, Engaged Employee Workforce.

PREVIOUS ACTION

On June 17, 2014 the Board awarded Washoe County RFP No. 2890-14 Insurance Brokerage and Consulting Services for the Health Benefits Program for FY 2014/15 to Wells Fargo Insurance Services.

AGENDA ITEM # 5.E.

On January 27, 2009, the Board awarded Washoe County RFP No. 2674-09 for the Insurance Brokerage and Consulting Services for the Health Benefits Program for FY 2009/10 to ABD/Wells Fargo Insurance Services.

BACKGROUND

Washoe County contracts with a licensed insurance broker who serves as a Broker of Record for Group Life and Medical coverage. The selected broker will provide a wide-range of services. The primary services to be provided include collaboration on the development of short, intermediate and long-term strategic planning; complex data analysis on plan performance; objective and on-going analysis of Washoe County’s Health Benefits Program; independent review of various vender performances; negotiations of various vendor contracts; and assist with analyzing and implementing complex health plan issues such as those required by law.

Sealed proposals for the insurance brokerage and consulting services were opened and acknowledged on May 24, 2017. The RFP was duly advertised in the local newspaper and through the online services of www.demandstar.com. DemandStar sends out RFP notices to their subscribers and to the supplemental suppliers input into their system.

Washoe County received six (6) response proposals in good order:

	Year 1	Year 2	Year 3	Total
Arthur J. Gallagher & Co. 6300 So. Syracuse Way, Suite 700 Centennial, CO 80111	\$102,000	≤ \$107,100	≤ \$112,455	≤ \$321,555
Dillon Health, Inc. 329 Flint Street Reno, NV 89501	\$84,000	\$84,000	\$84,000	\$252,000
Lockton Companies 410 S. Rampart Blvd, Suite 390 Las Vegas, NV 89145	\$96,000	\$96,000	\$96,000	\$288,000
L/P Insurance Services 300 East 2nd Street, Suite 1300 Reno, NV 89501	\$64,800	\$64,800	\$64,800	\$194,400
Segal Consulting 5990 Greenwood Plaza Blvd, Suite 118 Greenwood Village, CO 80111	\$74,640	\$74,640	\$74,640	\$223,920
Wells Fargo Insurance Services 5340 Kietzke Lane, Suite 201 Reno, NV 89511	\$99,600	\$99,600	\$99,600	\$298,800

Proposals were reviewed by an evaluation committee comprised of the Benefit Manager in Human Resources, one member of Washoe County Risk Management, one member from the Comptroller’s Office, one member from Washoe County Employee Association, and two members from the County Manager’s Office.

Proposal evaluations were based upon the following factors:

- Proposal response including compliance with and incorporation of terms and conditions in RFP
- Qualifications of proposer
- Proposed cost of proposal
- References
- Exceptions taken to the RFP document

After all proposals were reviewed and scored by the evaluation committee, the two highest-scoring firms were asked to present to the committee, also scored. The initial RFP response score was combined with the presentation score to determine the vendor to be recommended to be awarded the contract. The recommended vendor, LP Insurance Services, Inc., received the highest combined score.

FISCAL IMPACT

Washoe County will realize a savings of \$46,800 over three-years when compared to the current contract's annual cost. The cost for the insurance brokerage services through LP Insurance Services will total \$64,800 each year for fiscal years 2017/2018 through 2019/2020 (Cost Center 618100-710100). LP Insurance Services, Inc. puts 20% (\$12,960) of this annual cost at risk based on client satisfaction.

RECOMMENDATION

It is recommended that the Board of County Commissioners award Request for Proposal (RFP) No. 3020-17 for the Health Benefits Program for Insurance Brokerage and Consulting Services to the lowest responsive, responsible bidder meeting specifications: LP Insurance Services, Inc., 300 East 2nd Street, Suite 1300, Reno, NV 89501, in the amount of \$64,800 each year for the three-year contract term, on behalf of Washoe County Human Resources; and further authorize the Purchasing and Contracts Manager to enter into this Agreement for three (3) years, commencing July 1, 2017 through June 30, 2020, with the provision for up to two (2) – one (1) year extensions at Washoe County's option.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be:

Move to award Request for Proposal (RFP) No. 3020-17 for the Health Benefits Program for Insurance Brokerage and Consulting Services to the lowest responsive, responsible bidder meeting specifications: LP Insurance Services, Inc., 300 East 2nd Street, Suite 1300, Reno, NV 89501, in the amount of \$64,800 each year for the three-year contract term, on behalf of Washoe County Human Resources; and further authorize the Purchasing and Contracts Manager to enter into this Agreement for three (3) years, commencing July 1, 2017 through June 30, 2020, with the provision for up to two (2) – one (1) year extensions at Washoe County's option.

Agreement for Brokerage/Consulting Services

This Agreement is made between Washoe County (hereinafter referred to as COUNTY) and LP Insurance Services hereinafter referred to as (CONSULTANT) and shall be effective on July 1, 2017.

WITNESSETH

1. RECITALS

CONSULTANT shall furnish routine services as listed in Appendix A attached and such other insurance, brokerage and consulting services and related services as reasonable requested by the COUNTY. The scope of such other services to be provided will be designated at the time of request. The services requested may include but are not limited to those described in Appendix A attached hereto. COUNTY may utilize such other sources as it deems necessary to protect its interests.

2. TERM OF AGREEMENT

Unless cancelled or terminated as allowed by this Agreement, this Agreement shall become effective July 1, 2017, and shall remain in effect for a three (3) year period or until either party provides ninety (90) days written notice of termination with or without cause CONSULTANT and COUNTY, through its Benefits Manager, may mutually extend the original Agreement in one (1) year increments for two additional years.

3. PERFORMANCE OF SERVICES

The CONSULTANT shall report, be responsible to, and be directed by the Washoe County Benefits Manager or such other person as COUNTY may designate.

CONSULTANT shall keep himself/herself informed and so inform the COUNTY at all times of legislative changes, both State and Federal, and industry changes which may impact or affect COUNTY employee benefit programs.

CONSULTANT shall not subcontract any of the services or employ any consultants or commission ancillary assistance of any kind except upon the prior written approval of COUNTY.

CONSULTANT shall at all times remain a licensed broker in and by the State of Nevada.

CONSULTANT and all of his/her employees, agents, subagents, subcontractors and Board of Directors shall comply with all laws and regulations pertaining to insurance.

4. COMPENSATION

The compensation of CONSULTANT for services provided to COUNTY shall be made as follows:

- A) \$5400.00 per month for all routine services provided to COUNTY for the initial contract term, for the duration of the contract.
- B) CONSULTANT agrees to place 20% of the monthly compensation at risk through a performance guarantee stating that, if COUNTY is dissatisfied with the work product or services provided by CONSULTANT at any point, CONSULTANT will return 20% of the annual fees paid to date through this agreement.

CONSULTANT shall receive the amount listed in (A) above per month as total compensation for those routine services listed in Appendix A. For those other services performed at the request of the COUNTY, CONSULTANT agrees to provide an itemized statement, or report, with respect to specific projects or other non-routine services for which CONSULTANT seeks compensation. CONSULTANT shall not receive or accept any commission or compensation from Insurance carriers with whom coverage for County has been placed.

Should CONSULTANT desire to incorporate or use services or persons other than those previously recited, a prior authorization from COUNTY shall be required if CONSULTANT is to seek payment for said assistance from COUNTY.

The parties may review compensation annually, with compensation to be paid to CONSULTANT by COUNTY adjusted as mutually agreed between the parties.

5. TERMINATION

COUNTY reserves the right to terminate this Agreement at any time CONSULTANT fails to carry out its provisions. However, COUNTY shall agree to give CONSULTANT written prior notice of any deficiencies in performance and shall state reasons for the deficiencies, if known to COUNTY. If, within thirty (30) days after receipt of such notice of deficiencies, CONSULTANT fails to cure the conditions stated to be deficient, COUNTY may terminate this Agreement.

COUNTY shall further reserve the right to cancel this Agreement for cause, and without prior notice on evidence that CONSULTANT shall be adjudicated a bankrupt, or is in receivership, or had made an assignment to creditors, or on evidence of any other indication that the financial and/or legal situation of CONSULTANT shall preclude the ability of CONSULTANT to continue to provide services as agreed upon.

COUNTY further reserves the right to cancel this Agreement pursuant to the provisions of Paragraph 8 of this Agreement.

6. EFFECT OF TERMINATION OR CANCELLATION

At the time this Agreement is terminated or canceled as provided herein, all finished or unfinished documents, studies, correspondence, reports and other products prepared by CONSULTANT under this Agreement shall become the exclusive property of COUNTY.

7. INSURANCE REQUIREMENTS/HOLD HARMLESS CLAUSE

INSURANCE REQUIREMENTS ARE DELINEATED IN EXHIBIT D WHICH IS INCORPORATED INTO THIS AGREEMENT. IT IS HIGHLY RECOMMENDED THAT CONSULTANT CONFER WITH THEIR INSURANCE CARRIERS OR BROKERS TO DETERMINE THE AVAILABILITY OF INSURANCE CERTIFICATES AND ENDORSEMENTS AS PRESCRIBED AND PROVIDED HEREIN.

8. FUNDING OUT CLAUSE

If the governing body appropriating funds for COUNTY does not allocate funds needed to make payments beyond COUNTY'S then current fiscal period, COUNTY shall not require performance of the CONSULTANT nor be required to make payments and further, this Agreement shall be terminated without penalty, charge or sanction to County.

9. INDEPENDENT CONTRACTOR (IC) STATUS AND CERTIFICATION

IC is an independent contractor, not a County employee. IC and County agree to the following rights consistent with an independent contractor relationship:

- a. IC has the right to perform services for others during the term of this Agreement.
- b. IC, in conjunction with the collaborating physician(s), has the sole right to control and direct the means, manner, and method by which the services required by this Agreement will be performed.
- c. IC shall not be assigned a work location on County premises.
- d. IC shall perform the services required by this Agreement and IC agrees to the faithful performance and delivery of described services in accordance with the time frames contained herein; County shall not hire, supervise, or pay any assistants to help IC.
- e. The County shall not require IC to devote full time to performing the services required by this Agreement.

Further, IC hereby certifies:

- f. That IC is not an employee of the County, and thereby IC waives any and all claims to benefits otherwise provided to employees of the County, including but not limited to: medical, dental, other personal insurance; retirement benefits, unemployment benefits, and liability or worker's compensation insurance.

- g. That IC is licensed or exempted by the State or other political subdivisions to do business in accordance with applicable law.
- h. IC's business license number is: NV20101538062
IC's federal tax I.D. number is: 27-3054238
- i. That IC understands that he/she is solely responsible, individually, for federal taxes and social security payments applicable to money received for services herein provided. IC understands that the County will file an IRS Form 1099 for all payments received.
- j. That IC agrees, as a precondition to the performance of any work under this Agreement, and as a precondition to any obligation of the County to make any payment under this Agreement to provide County with a certificate issued by an insurer or a certificate issued by the Employee's Insurance Company of Nevada (EICN) in accordance with NRS 616B.627, and with a certificate of an insurer showing coverage pursuant to NRS 617.210

10. LICENSES AND FEES

CONSULTANT shall be wholly responsible for acquiring any and all applicable licenses and permits that may be required by law for the performance of work under this Agreement. Any such licenses and permits shall remain in full force for the entire period of this Agreement.

11. JURISDICTION

CONSULTANT shall agree at all times to comply with all applicable laws, ordinances or regulations of governmental entities having jurisdiction over matters which are the subject of this Agreement.

12. APPLICABLE LAW AND EXCLUSIVE FORUM

The parties agree that this Agreement is entered into in the State of Nevada and shall therefore be governed by the laws of Nevada without resort to conflict of laws principles. The parties also consent to jurisdiction in the state and federal courts of Nevada and agree that such courts shall have exclusive jurisdiction over disputes arising out of the interpretation of this Agreement.

13. SEVERABILITY

If any provision of this Agreement is held to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the parties shall, if possible, agree on a legal, valid, and enforceable substitute provision that is as similar in effect to the deleted provision as possible. The remaining portion of the Agreement not declared illegal, invalid, or unenforceable shall, in any event, remain valid and effective for the term remaining unless the provision found illegal, invalid, or unenforceable goes to the essence of this Agreement.

14. SECTION HEADINGS

The section headings in this Agreement are intended solely for convenience; they are not part of this Agreement and shall not affect its construction.

13. COMMUNICATIONS AND NOTICES

All communications, notices, and inquiries for other than routine services received by CONSULTANT initially shall be referred directly to the Washoe County Benefits Administrator. All documents provided to the CONSULTANT by insurance companies, administrators or other vendors should be sent directly to the COUNTY. Report, plan documents, studies or other related data prepared by CONSULTANT should be furnished to the Washoe County Benefits Administrator.

Except as otherwise specified, all notices under this Agreement shall be in writing.

Notices to CONSULTANT shall be addressed to:

Lloyd Barnes, Vice President
300 E. 2nd Street, Suite 1300
Reno, NV 89501

Notices to COUNTY shall be addressed to:

Ashley Farmer, PHR, Benefits Manager
Washoe County Human Resources
P O Box 11130
Reno, NV 89520

14. ASSIGNMENT

Prior written notice of any assignment of CONSULTANT's rights or obligations herein must be given to COUNTY and any such assignment is subject to the prior approval of COUNTY. If such assignment is approved by COUNTY, all rights and obligations of CONSULTANT under this Agreement shall inure to the benefit of and shall be binding upon the assigns or successors of the CONSULTANT.

15. ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between the parties and may be modified only by mutual written consent signed by both parties.

IN WITNESS THEREOF THE PARTIES HEREUNTO EXECUTE THIS AGREEMENT

WASHOE COUNTY:

Dated this ____ day of _____, 2017

By _____
Melanie Lever, C.P.M
Purchasing and Contracts Manager

CONSULTANT:

Dated this ____ day of _____, 2017

By _____
Lloyd Barnes
Vice President

EXHIBIT D

INSURANCE, HOLD HARMLESS AND INDEMNIFICATION REQUIREMENTS FOR BROKER/CONSULTANT AGREEMENT

INDEMNIFICATION

CONSULTANT Liability

As respects acts, errors or omissions in the performance of CONSULTANT services, CONSULTANT agrees to indemnify and hold harmless the ENTITIES, its officers, agents, employees, and volunteers from and against any and all claims, demands, defense costs, liability or consequential damages of any kind or nature arising directly out of CONSULTANT'S negligent acts, errors or omissions in the performance of its CONSULTANT services under the terms of this agreement.

CONSULTANT further agrees to defend the ENTITIES and assume all costs, expenses and liabilities of any nature to which the ENTITIES may be subjected as a result of any claim, demand, action or cause of action arising out of the negligent acts, errors or omissions of CONSULTANT or its Sub-consultant in the performance of their CONSULTANT services under the Agreement.

General Liability

As respects all acts or omissions which do not arise directly out of the performance of CONSULTANT services, including but not limited to those acts or omissions normally covered by general and automobile liability insurance, CONSULTANT agrees to indemnify, defend (at THE ENTITIES' option), and hold harmless the ENTITIES, its officers, agents, employees, and volunteers from and against any and all claims, demands, defense costs, liability, or consequential damages of any kind or nature arising out of or in connection with CONSULTANT'S (or Sub-consultant, if any) performance or failure to perform, under the terms of this agreement; excepting those which arise out of the negligence of the ENTITIES.

CONSULTANT must either defend the ENTITIES or upon determination that the work performed by CONSULTANT was in any manner negligent or that CONSULTANT failed to perform any duty set forth in this Agreement pay the ENTITIES' cost of defense for any claim, demand, action or cause of action.

If the ENTITIES' personnel (attorneys, engineers or other professionals) are involved in defending such legal actions, CONSULTANT shall also reimburse the ENTITIES for the time spent by such personnel at the actual cost for such services.

In determining the nature of the claim against the ENTITIES, the incident underlying the claim shall determine the nature of the claim, notwithstanding the form of the allegations against the ENTITIES.

GENERAL REQUIREMENTS

The ENTITIES requires that CONSULTANT purchase Industrial Insurance, General and Auto Liability, and CONSULTANT'S Errors and Omissions Liability Insurance as described below against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work here under by CONSULTANT, its agents, representatives, employees or Sub-consultants. The cost of all such insurance shall be borne by CONSULTANT.

INDUSTRIAL INSURANCE

It is understood and agreed that there shall be no Industrial Insurance coverage provided for CONSULTANT or any Sub-consultant by the ENTITIES. CONSULTANT agrees, as a precondition to the performance of any work under this Agreement and as a precondition to any obligation of the ENTITIES to make any payment under this Agreement to provide the ENTITIES with a certificate issued by an insurer in accordance with NRS 616B.627 and with a certificate of an insurer showing coverage pursuant to NRS 617.210.

If CONSULTANT or Sub-consultant is a sole proprietor, coverage for the sole proprietor must be purchased and evidence of coverage must appear on the Certificate of Insurance. Such requirement may be waived for a sole proprietor who does not use the services of any employees, subcontractors, or independent contractors and completes an Affirmation of Compliance pursuant to NRS 616B627.

Should CONSULTANT be self-funded for Industrial insurance, CONSULTANT shall so notify the ENTITIES in writing prior to the signing of any agreement. The ENTITIES reserves the right to approve said retentions and may request additional documentation, financial or otherwise for review prior to the signing of any agreement.

MINIMUM LIMITS OF INSURANCE

CONSULTANT shall maintain coverage and limits no less than:

1. **General Liability:** \$1,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, the general aggregate limit shall be increased to equal twice the required occurrence limit or revised to apply separately to this project or location.
2. **Automobile Liability:** \$1,000,000 combined single limit per accident for bodily injury and property damage. No aggregate limit may apply.
3. **CONSULTANT Errors and Omissions Liability:** \$1,000,000 per occurrence and as an annual aggregate.

Premium costs incurred to increase CONSULTANT'S insurance levels to meet minimum contract limits shall be borne by the CONSULTANT at no cost to the ENTITIES.

OTHER INSURANCE PROVISIONS

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability Coverages
 - a. THE ENTITIES, its officers, agents, employees and volunteers are to be covered as additional insureds. The coverage shall contain no special limitations on the scope of protection afforded to the additional insureds, nor shall the rights of the additional insured be affected by the insured's duties after an accident or loss.
 - b. CONSULTANT'S insurance coverage shall be primary insurance as respects THE ENTITIES, its officers, agents, employees and volunteers. Any insurance or self-insurance maintained by THE ENTITIES, its officers, agents, employees or volunteers shall be excess of CONSULTANT'S insurance and shall not contribute with it in any way.
 - c. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to THE ENTITIES, its officers, agents, employees or volunteers.
 - d. CONSULTANT'S insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

ACCEPTABILITY OF INSURERS

Insurance is to be placed with insurers with a Best's rating of no less than A-: VII. THE ENTITIES with the approval of the Risk Manager may accept coverage with carriers having lower Best's ratings upon review of financial information concerning CONSULTANT and insurance carrier. The ENTITIES reserves the right to require that the CONSULTANT'S insurer be a licensed and admitted insurer in the State of Nevada, or on the Insurance Commissioner's approved but not admitted list.

VERIFICATION OF COVERAGE

CONSULTANT shall furnish the ENTITIES with certificates of insurance and with original endorsements affecting coverage required by this exhibit. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are to be

addressed to the specific THE ENTITIES contracting department and be received and approved by THE ENTITIES before work commences.

MISCELLANEOUS CONDITIONS

1. CONSULTANT shall be responsible for and remedy all damage or loss to any property, including property of the ENTITIES, caused in whole or in part by CONSULTANT, any Sub-consultant, or anyone employed, directed or supervised by CONSULTANT.
2. Nothing herein contained shall be construed as limiting in any way the extent to which CONSULTANT may be held responsible for payment of damages to persons or property resulting from its operations or the operations of any Sub-consultants under it.